

UNION PACIFIC RAILROAD COMPANY

Law Department



1416 DODGE STREET
OMAHA, NEBRASKA 68179

0-254A013

August 22, 1990

RECORDATION NO. 17000 1425

SEP 11 1990 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

SEP 11 11 09 AM '90
INFORMATION UNIT

Ms. Noreta McGee
Secretary
Interstate Commerce Commission
12th and Constitution, N.W.
Washington, D.C. 20423

Dear Ms. McGee:

I have enclosed an original and one counterpart of the Promissory Note No. 2 and the Security Agreement as described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document, dated August 16, 1990.

The names and addresses of the parties to the documents are as follows: The debtor is Helm Pacific Leasing, a Nebraska general partnership, located at 1416 Dodge Street, Omaha, Nebraska 68179. The general partners of Helm Pacific Leasing are Helm Pacific Corporation, located at One Embarcadero Center, San Francisco, CA 94111 and Union Pacific Venture Leasing, Incorporated, located at 1416 Dodge Street, Omaha, Nebraska 68179.

Secured party: Union Pacific Railroad Company, 1416 Dodge Street, Omaha, Nebraska.

A description of the equipment covered by the Security Agreement is as follows: 150 jumbo covered hopper railcars with the car marks TNM 1061 through 1210.

A fee of \$15.00 is enclosed. Please return the stamped original to Beverly S. Greer, General Attorney, Room 830, Union Pacific Railroad Company, 1416 Dodge Street, Omaha, Nebraska 68179.

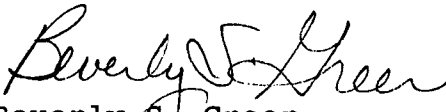
See
Doc
covers more
200 units



A short summary of the document to appear in the index is as follows:

7
A promissory note and security agreement between Helm Pacific Leasing, a Nebraska partnership (debtor), 1416 Dodge Street, Omaha, Nebraska, and Union Pacific Railroad Company, a Delaware corporation (secured party), 1416 Dodge Street, Omaha, Nebraska, dated August 16, 1990, covering 150 jumbo covered hopper rail cars with the car marks TNM 1061 through 1210.

Very truly yours,


Beverly S. Greer
General Attorney

see doc
sup covers 200 units
not cover 201 units

Interstate Commerce Commission
Washington, D.C. 20423

9/12/90

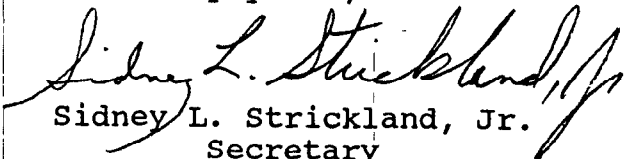
OFFICE OF THE SECRETARY

Beverly S. Greer
General Atty
Union Pacific Railroad Company
1416 Dodge St.
Omaha, Nebraska 68179

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/11/90 at 11:15am , and assigned recordation number(s). 17000

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

PROMISSORY NOTE NO. 2
and
SECURITY AGREEMENT

RECORDATION NO. 17000 FILED 1425

\$2,899,900

SEP 11 1990 - 11 15 AM

Omaha, Nebraska
August 10, 1990

INTERSTATE COMMERCE COMMISSION

For value received, the undersigneds, as general partners of HELM PACIFIC LEASING, a Nebraska partnership, ("Joint Venture") promise to pay to the order of UNION PACIFIC RAILROAD COMPANY ("UPRR") at P.O. Box 3443, Omaha, Nebraska 68181-0443, or at such other place within the United States of America which UPRR may designate in writing to the Joint Venture, the sum of Two Million, Eight Hundred Ninety Nine Thousand and Nine Hundred Dollars (\$2,899,900), plus monthly interest at the rate of 12% per annum commencing September 1, 1990. Interest shall be calculated on the principal balance and Interest in Arrears (as hereinafter defined) on a monthly basis on the last day of each month and shall be due and payable monthly in arrears not later than the tenth calendar day of each month.

This Note shall be payable in full on the earliest to occur of (i) August 31, 1995, (ii) the date of termination of the lease agreement for 150 jumbo covered hopper railcars with the car marks TNM 1061 through 1210 between the Joint Venture as Lessor and UPRR as Lessee and (iii) the withdrawal of either of the current general partners from the Joint Venture or the transfer of either general partner's interest in the Joint Venture to a third party without prior written approval of UPRR, which approval will not be unreasonably withheld. This Note may be prepaid in full or in part at any time without penalty.

Until this Promissory Note and all interest due hereon is paid in full, Joint Venture shall make payments to UPRR in an amount equal to the "Revenues" (defined as cash inflows as a result of all revenue producing activities of the Joint Venture) which the Joint Venture has available after all payments which are senior in priority to payments

to UPRR hereunder have been made, provided, however, that a working capital reserve fund in an amount not greater than \$50,000 shall be maintained as a first priority from Revenues. A listing of the priority of payments which are required to be made out of Revenues subsequent to the funding of the working capital reserve, is attached to this Note as Exhibit A and is incorporated herein by reference. Each month the Joint Venture will furnish the Manager-Banking, Union Pacific Railroad, 1416 Dodge Street, MC 10005, Omaha, Nebraska 68179, on or before the tenth calendar day, a completed Schedule (a form of which is attached to Exhibit A hereto and incorporated herein by reference) for the preceding month together with a payment on the Note, if applicable. Payments made on the Note will be applied in the following order: (1) current month's interest charges, (2) any interest charges in arrears and (3) outstanding principal. If no amounts are available for a Note payment, items 4-9 of the Schedule provided should reflect zero (0). If a payment is not received by the tenth calendar day, interest will be accrued daily (commencing with the first calendar day) until the payment, if any, is received; interest amounts accrued are classified as "Interest in Arrears". Each month, subsequent to monthly payment application and interest calculation, UPRR will furnish the Joint Venture c/o Helm Pacific Corporation, attention: Chief Financial Officer, One Embarcadero Center, Suite 3500, San Francisco, CA 94111, a Statement (a form of which is attached to Exhibit A hereto and incorporated herein by reference) showing the interest and principal outstanding on the Note. Joint Venture shall provide monthly financial statements by the last day of the following month to the Manager, General Ledger Systems, Union Pacific Railroad Company, 1416 Dodge Street, MC 10052, Omaha, Nebraska 68179.

To secure payment of this Note, the Joint Venture has transferred, pledged and granted to the UPRR a security interest in the following property (collateral):

Two Hundred (200) jumbo covered hopper
rail cars with the car marks TNM 1000 through
1061 and TNM 1211 through 1349.

✓ 201 units

This security interest granted hereunder represents a first lien position on the collateral, senior to all other subsequent security interests granted.

In the case of default in payment of this Note, UPRR shall have all rights in the collateral provided by the Uniform Commercial Code. The waiver of any default shall not operate as a waiver of any prior or subsequent defaults.

4 2 1

If Joint Venture makes an assignment for the benefit of its creditors, or attachment or garnishment proceedings are commenced or a judgment is entered against Joint Venture, or a receiver is appointed over any property of Joint Venture, or proceedings are instituted by or against Joint Venture under the Bankruptcy Code, UPRR may, at its option, without notice or demand, declare the entire unpaid balance of this Note immediately due and payable. After maturity of this Note, whether by acceleration or otherwise, it shall bear interest at the highest legal rate per annum.

The Joint Venture, any endorser, sureties, guarantors and assignors of this Note severally waive demand, presentment for payment, protest and notice of protest, and non-payment, and agree that, in the event a default occurs and this Note is placed in the hands of an attorney for collection, they will pay reasonable attorney fees. No delay or omission by UPRR in exercising any rights hereunder shall operate as a waiver of such right or of any other right under this Note. A waiver on any one occasion shall not be construed as a bar to or waiver of any right and/or remedy on any future occasion.

UPRR may, without notice and without releasing the liability of Joint Venture, any endorser, surety, guarantor or assignor of this Note, grant extensions or renewals hereof, from time to time and for any term or terms, add or release one or more parties hereto, acquire additional collateral, or release any collateral in whole or in part. UPRR shall not be liable for or prejudiced by failure to collect or for lack of diligence in bringing suit on this Note or any renewal or extension hereof.

This Note shall be governed by the laws of the State of Nebraska. Joint Venture consents to jurisdiction and venue in the United States District Court for the

District of Nebraska at Omaha, Nebraska, in the event of litigation to collect this Note.

HELM PACIFIC LEASING, A General Partnership,

BY HELM PACIFIC CORPORATION, A General Partner,

ATTEST:

William M. Petersen
Its Secretary

BY

Richard C. Kline
Its President

AND

BY UNION PACIFIC VENTURE LEASING, INCORPORATED, A General Partner,

ATTEST:

C. W. Saylor
Its Secretary

BY

Charles R. Ende
Its President

Accepted this 20th day of August, 1990 on behalf of Union Pacific Railroad Company.

BY

J. J. Karalinski
Title Vice President - Finance

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

Be it remembered, that on this 16th day of AUGUST, 1990, personally came before me the undersigned LYNDA A. HERSKOVITZ, a notary public for the State of California, President of Helm Pacific Corporation, signatory of the above note, known to me personally to be such person and to be such President and acknowledges execution of the above note to be his act and deed as President of Helm Pacific Corporation and to be the act and deed of said corporation and that the signing, acknowledgement and delivery by him of said note was duly authorized by the Board of Directors of said corporation.

Witness my hand and seal of office the day aforesaid.

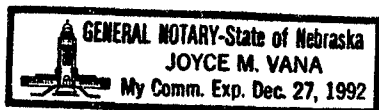


Lynda A. Herskovitz
Notary Public

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

Be it remembered, that on this 20 day of AUGUST, 1990, personally came before me the undersigned JOYCE M. VANA, a notary public for the State of Nebraska, President of Union Pacific Venture Leasing, signatory of the above note, known to me personally to be such person and to be such President and acknowledges execution of the above note to be his act and deed as President of Union Pacific Venture Leasing and to be the act and deed of said corporation and that the signing, acknowledgement and delivery by him of said note was duly authorized by the Board of Directors of said corporation.

Witness my hand and seal of office the day aforesaid.



Joyce M. Vana
Notary Public

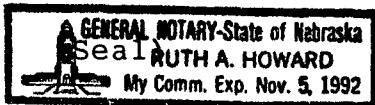
(Seal)

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

Be it remembered, that on this 20 day of August, 1990, personally came before me the undersigned J. J. [Signature], a notary public for the State of Nebraska, Vice President - Finance of Union Pacific Railroad Company, signatory of the above note, known to me personally to be such person and to be such, President and acknowledges execution of the above note to be his act and deed as V.P. - Finance of Union Pacific Railroad Company and to be the act and deed of said corporation and that the signing, acknowledgement and delivery by him of said note was duly authorized by the Board of Directors of said corporation.

Witness my hand and seal of office the day aforesaid.

Ruth A. Howard
Notary Public



PAYMENTS FROM REVENUES

Revenues received by the Joint Venture from the lease of railcars or other equipment or from any other source shall be applied in the order of priority as described below:

- (1) to principal and interest payments required pursuant to the terms of the financing obtained from a financial institution as described in paragraph 2.05 of the Joint Venture Agreement;
- (2) to payment of all joint venture expenses other than those prescribed in the subparagraph 3.01 d of the Joint Venture Agreement;
- (3) to pay the fees prescribed in paragraph 3.01 d of the Joint Venture Agreement;
- (4) to pay interest payments due on the outstanding balance of any notes or sale agreements of the joint venture entered into in connection with payment of the purchase price of the units per paragraph 2.02 of the Joint Venture Agreement including, but not limited to, the Promissory Note to Union Pacific Railroad Company; *
- (5) to interest payments due on the outstanding balance of any marketing fees accrued by the joint venture per subparagraph 3.01 d (1) of the Joint Venture Agreement;
- (6) to pay any other expenses of the joint venture as agreed upon by the joint venture partners, including payments to any funds established and agreed upon as necessary to satisfy contingent liabilities of the joint venture.
- (7) to reduce the principal balance on any notes or sale agreements of the joint venture entered into in connection with payment of

the purchase price of the units per paragraph 2.02 herein of the Joint Venture Agreement including, but not limited to, the Promissory Note to Union Pacific Railroad Company; *

- (8) to reduce the outstanding balance of any marketing fees accrued by the joint venture per subparagraph 3.01 d (1) of the Joint Venture Agreement;
- (9) to distributions to the joint venture partners pursuant to paragraph 6.05 of the Joint Venture Agreement.

* Payments made will be applied first to Promissory Note No. 1 between UPRR and Joint Venture until Promissory Note No. 1 has been paid in full. Additional available monies will be applied to Promissory Note. No. 2 between UPRR and Joint Venture until Promissory Note No. 2 has been paid in full.

PROMISSORY NOTE No. 2 SCHEDULE 1

To: Manager-Banking
Union Pacific Railroad
1416 Dodge Street MC 10005
Omaha, Nebraska 68179

Subject: Monthly Statement of Payments From Revenues (*)

Collected Revenues for the Month of _____ \$ _____

- (1) Less principal and interest payments required pursuant to the terms of the financing for acquisition and repair costs of the original 350 units obtained from a financial institution (Factored Lease), as described in paragraph 2.05 of the Joint Venture Agreement. _____
- (2) Less payment of all joint venture expenses other than those prescribed in the subparagraph 3.01 d of the Joint Venture Agreement. _____
- (3) Less payment of fees (50% of HPC Marketing Fees) prescribed in paragraph 3.01 d of the Joint Venture Agreement. _____
- (4) Less interest payments (**) due on the outstanding balance of any notes or sale agreements of the joint venture entered into in connection with payment of the purchase price of the original units (UPRR Notes, interest only) per paragraph 2.02 of the Joint Venture Agreement. _____ ***
- (5) Less interest payments due on the outstanding balance of any marketing fees accrued by the joint venture (Interest on Marketing Fees in arrears) per subparagraph 3.01 d (1) of the Joint Venture Agreement. _____
- (6) Less payments of any other expenses of the joint venture as agreed upon by the partners, including payments to any funds established and agreed upon to satisfy contingent liabilities of the joint venture (Schedule 1A attached reflects current and prior months' amounts retained for future disbursement under this item). _____

Subtotal - Carried Forward	\$
----------------------------	----

Brought Forward

\$ _____

- (7) Less payments to reduce the principal balance on any notes or sale agreements of the joint venture entered into in connection with payment of the purchase price of the original units (Promissory Notes to UPRR) per paragraph 2.02 of the Joint Venture Agreement. _____ ***
- (8) Less payments to reduce the outstanding balance of any marketing fees accrued by the joint venture (Remaining 50% of HPC Marketing Fees from Item (3) above) per subparagraph 3.01 d (1) of the Joint Venture Agreement. _____
- (9) Distributions to the joint venture partners pursuant to paragraph 6.05 of the Joint Venture Agreement. \$ _____

* As defined in Promissory Note and Security Agreement dated August 17, 1990.

** \$ _____ - Balance of interest (in arrears), if amount not sufficient to cover monthly interest payment.

*** Amount included in attached check, if item is greater than zero (0). Payments for items 4 and 7 will be applied first to Promissory Note No. 1 between UPRR and Joint Venture until final settlement. Additional available revenues will be applied to Promissory Note No. 2.

Certified Correct:

(Signature)

_____, Chief Financial Officer, Helm Pacific Leasing
(Name)

(Date)

SCHEDULE 1A

List of Retained Amounts
through the Month Ending _____

<u>Date</u> <u>Established</u>	<u>Description of Retained</u> <u>(Contingent Liability) Fund</u>	<u>Estimated</u> <u>Disb. Date</u>	<u>Amount</u>
-----------------------------------	--	---------------------------------------	---------------

STATEMENT

MONTH	BEG BAL PRINCIPAL OUTSTANDING	BEG BAL INTEREST IN ARREARS	CURRENT MONTH INT EXP	PAYMENT	END BAL PRINCIPAL OUTSTANDING	INTEREST EXPENSE TO DATE	INTEREST PAID TO DATE	END BAL INTEREST IN ARREARS
-------	-------------------------------------	-----------------------------------	-----------------------------	---------	-------------------------------------	--------------------------------	-----------------------------	-----------------------------------